

Message Text

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71

ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 ACDA-19 IO-14 AID-20 COME-00 EB-11 FRB-02

TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01

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R 121528Z DEC 73

FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 4592

INFO AMCONSUL LENINGRAD BY POUCH

USMISSION NATO

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E.O. 11652: N/A

TAGS: PINT, EGEN, UR

SUBJ: SOVIET GOVERNMENT ANNOUNCES PLANS FOR REPAYMENT
OF BOND ISSUES.

1. THE SOVIET PROLETARIAT WAS INFORMED OF
NEW POSSIBILITIES FOR MORE PURCHASING POWER OVER THE PAST
WEEKEND THROUGH A BRIEF ANNOUNCEMENT THAT THE USSR WILL
BEGIN REPAYMENT OF 1948-1958 BOND ISSUES IN 1974. END SUMMARY.

2. ON DECEMBER 8 THE CENTRAL PRESS REPORTED DECISION OF
LWPSU CENTRAL COMMITTEE AND THE USSR COUNCIL OF
MINISTERS TO BEGIN REPAYMENT OF STATE LOAN BONDS BEGIN-
NING IN DECEMBER 1974. THE BONDS WERE ISSUED BETWEEN
1948 AND 1958 AND, ACCORDING TO TASS, WERE PURCHASED BY
"THE SOVIET UNION'S WORKING PEOPLE... FOR THE NEEDS OF
THE NATIONAL ECONOMY." TOTAL VALUE OF BONDS NOW HELD BY
THE SAME WORKING PEOPLE TODAY IN 1973 WAS SAID TO BE
25.8 BILLION RUBLES. THE FIRST BONDS TO BE REPAID ARE
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THOSE OF 1948 TWO PERCENT ISSUE, WHICH WILL BE REPAID IN

1974 AND 1975. MONEY RETURNED TO BOND HOLDERS WILL BE ONE BILLION RUBLES EACH YEAR. FURTHER LOANS WILL BE REPAYED CONSECUTIVELY ACCORDING TO DATE OF ISSUE.

2. COMMENT: IN TAKING LATEST STEP, AUTHORITIES ARE LIVING UP TO COMMITMENTS MADE AT 24TH PARTY CONGRESS. ALTHOUGH BEGINNING OF FIRST PAYMENTS IS STILL ONE YEAR AWAY, WE REGARD THIS DEVELOPMENT AS IMPORTANT INDICATION OF LEADERSHIP INTENTIONS TO TRY TO GIVE FURTHER PRIORITY TO GROUP B (CONSUMER GOODS) IN ECONOMIC PLANNING OVER NEXT FEW YEARS. IN SPEECH IN MINSK ON NOVEMBER 13, CHAIRMAN OF COUNCIL OF MINISTERS KOSYGIN OBSERVED THAT 1974 PLAN WOULD REFLECT INCREASED ATTENTION TO GROUP B SECTOR OF ECONOMY. NEVERTHELESS, WITH BILLIONS OF RUBLES IN INDIVIDUAL SAVINGS ALREADY ACCUMULATED, SOVIETS CAN BE EXPECTED TO STRETCH OUT REPAYMENT OF BONDS TO EXTENT POSSIBLE SO AS TO REDUCE IMPACT ACTION HAS ON ALREADY BURGEONING DEMAND FOR CONSUMER GOODS. POSSIBLE STEP WHICH COULD OFFSET LATEST ACTION IS GENERAL INCREASE IN PRICES OF CONSUMER ITEMS IN ATTEMPT TO DRAW DOWN SAVINGS. RUMORS NOW CIRCULATING WIDELY IN MOSCOW THAT SUCH INCREASES WILL OCCUR AT FIRST OF YEAR. SUBSTANTIAL PRICES RISES ALREADY PUT INTO EFFECT ON DECEMBER 1 FOR SOME LUXURY FOOD ITEMS INCLUDING CAVIAR AND SMOKED FISH.
MELENCAMP

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